

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2000-966

December 12, 2000

BANGOR HYDRO-ELECTRIC COMPANY
Request for Approval of Second Amendment
To Extend Special Rate Contract with
Lemforder Corporation

ORDER

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

SUMMARY OF DECISION

By this Order, we grant approval of a Second Amendment to the special rate contract between Bangor Hydro-Electric Company (BHE or the Company) and Lemforder Corporation (Lemforder or the customer). This Second Amendment extends the contract beyond its original termination date of December 31, 2000 for an additional five years and clarifies how the pricing will be structured during the extended term.

DISCUSSION AND DECISION

On December 1, 2000, BHE filed with this Commission a proposed Second Amendment to its special rate contract with Lemforder.¹ The term of the original contract expires on December 31, 2000. However, pursuant to the original contract, Lemforder has the option to extend the contract term for an additional five years under rates and provisions for the extended period specified in the original contract. Lemforder has elected to exercise this option.

The pricing provisions contained in the original agreement for the extended term included an energy charge equal to "110% of Short Run Marginal Energy Cost." In light of restructuring, BHE and the customer agreed to remove the energy charge. This Second Amendment reflects that agreement and clarifies that the customer is responsible for its own energy purchases. Otherwise, the Second Amendment maintains the terms of the original agreement for the extended period.

We have reviewed this Second Amendment and find that it does not present significant risk to BHE's other customers. However, there could be issue raised with

¹ The original Lemforder contract was filed in Docket No. 96-704 and went into effect automatically on July 11, 1996. The First Amendment unbundled generation from the pricing terms of the contract through December 31, 2000 and was given temporary approval on March 21, 2000 and permanent approval on November 21, 2000 in Docket No. 2000-178.

respect to BHE's agreement to unbundle the contract by removing the energy charge *in toto*, rather than seeking to maintain the 10% contribution above short-run marginal energy cost provided under the original contract. A similar matter is currently in dispute between Central Maine Power Company (CMP) and International Paper in Docket No. 2000-386. Therefore, we will allow the contract to go into effect but wish to make clear that we do not make any finding as to the reasonableness of BHE agreeing to unbundle the contract in this manner.

Accordingly, we

O R D E R

That the Second Amendment to the Special Rate Contract with Lemforder Corporation filed by Bangor Hydro-Electric Company on December 1, 2000 is approved and may go into effect, as requested by the Company on January 1, 2001.

Dated at Augusta, Maine, this 12th day of December, 2000.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR:

Welch
Diamond

COMMISSIONERS ABSENT:

Nugent

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.